UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

CONSORZIO DEL PROSCIUTTO DI SAN DANIELE, Plaintiff,	)	C.A. No. 07-039ML
v.	)	
DANIELE, INC., Defendant.	)	

PLAINTIFF'S MOTION FOR PARTIAL SUMMARY JUDGMENT

Pursuant to Fed. R. Civ. P. 56 and Local Rule 56, Plaintiff and Counterclaim Defendant Consorzio del Prosciutto di San Daniele ("Consorzio") moves for partial summary judgment granting the following relief in favor of the Consorzio and against Defendant and Counterclaim Plaintiff Daniele, Inc. ("Daniele"):

1. Holding that Daniele is liable to the Consorzio for breach of paragraph 5 of the settlement agreement of March 2005.

2. Dismissing Daniele's counterclaim for declaratory relief that it is in compliance with paragraph 5 of the settlement agreement of March 2005.

In support of this Motion, Consorzio relies upon the accompanying memorandum of law, exhibits, and Local Rule 56(a) Statement of Undisputed Facts.

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Dated: June 11, 2007

CERTIFICATION

I hereby certify that on June 11, 2007, a copy of the foregoing Plaintiff's Motion For Partial Summary Judgment was filed electronically. Notice of this filing will be sent by e-mail to all parties by operation of the Court's electronic filing system, or by e-mail or to anyone unable to accept electronic filing as indicated on the Notice of Electronic Filing. Parties may access this filing through the Court's CM/ECF System.

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/s/ Matthew F. Medeiros

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Plaintiff,	)	C.A. No. 07-039ML
v.	)	
DANIELE, INC.,	)	
Defendant.	)	

PLAINTIFF'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR PARTIAL SUMMARY JUDGMENT

In March 2005, in a case before this Court, Plaintiff, Consorzio del Prosciutto di San Daniele, and Defendant, Daniele, Inc., concluded a settlement agreement (hereinafter the "settlement agreement" or "agreement"). In this action, Plaintiff claims that Defendant has committed numerous violations of the settlement agreement and seeks enforcement of the agreement. Plaintiff submits that it is entitled to summary judgment at this juncture on the claim that Defendant is in breach of paragraph 5 of the settlement agreement and on Defendant's request for a declaratory judgment that it is not in breach of that paragraph.

Plaintiff also expects to prevail on its other claims that Defendant is in breach of the settlement agreement but those claims are not yet ripe for summary judgment. They might ultimately need to be tried.

SUMMARY OF ARGUMENT

In the settlement agreement, Plaintiff agreed that Defendant could use "Daniele, Inc." as its trade name. In exchange, Defendant agreed to cease its use of "Daniele" as its trademark for prosciutto and to use "a different trademark… for the sale of prosciutto and ham." Contrary to its promise, Defendant has adopted not one, but several purported trademarks for its prosciutto products. As a consequence, the only name for its line of prosciutto generally is "Daniele, Inc." Defendant has tried to use this as its *de facto* trademark for its prosciutto.

Defendant's failure to adopt a single trademark for its prosciutto is in violation of the clear and unambiguous language of the settlement agreement. And it contravenes the basic purpose of the agreement, which is to prevent confusion between Defendant's prosciutto and San Daniele prosciutto.

Defendant admits that it does not have a single trademark for its prosciutto. Plaintiff is therefore entitled to judgment as a matter of law that Defendant is in breach of paragraph 5 of the settlement agreement.

STATEMENT OF FACTS

Plaintiff Consorzio del Prosciutto di San Daniele is a consortium of the producers of prosciutto in the town of San Daniele del Friuli, Italy, commonly known as San Daniele. Complaint ¶ 1. It is responsible for establishing and enforcing the standards for San Daniele prosciutto and for the promotion and protection of the name of San Daniele for prosciutto. Complaint ¶ 9.

Prosciutto has been made in San Daniele del Friuli, Italy, for more than 900 years. Complaint ¶ 8.

Defendant is a Rhode Island corporation. It produces prosciutto and other meat products in the United States. Complaint ¶ 2.

Defendant chose “Daniele” as its trademark for prosciutto and “Daniele Prosciutto, Inc.” as its corporate name. It later changed its corporate name to “Daniele International, Inc.” Complaint ¶ 11; Answer ¶ 2.

Defendant produces and sells a line of prosciutto products that includes three products sold in bulk as a whole thigh (two boneless, one boneless and shankless), one product sold in bulk as a filet of prosciutto cut from the thigh, and one product sold as a package of pre-sliced prosciutto. Defendant’s labels (**Ex. 2** hereto); excerpt from Defendant’s current marketing brochure (**Ex. 13**).

Prior to the settlement agreement, Defendant used the “Daniele” trademark on the label of each of these prosciutto products. Defendant’s response to Plaintiff’s Document Request No. 2 in the prior litigation in this Court (**Ex. 3**); excerpts from Defendant’s marketing brochures of 1998 and 2003 (**Exs. 4, 5**).

Prior to the settlement agreement, Defendant called its line of prosciutto, “Daniele prosciutto.” Defendant’s brochures of 1998 and 2003 (**Exs. 4, 5**); Defendant’s Web site, February 6, 2005 (Internet Archive) (**Ex. 6**).

In order to settle Plaintiff’s claims against it in the prior litigation, Defendant agreed to a series of restrictions on its trade name and on its trademark for prosciutto. The salient provisions of the agreement for purposes of this motion are as follows:

> The parties wish to resolve their differences concerning their respective trademarks and trade names, and to use their respective marks and names in harmony, with each giving full respect to the rights and privileges of the other, and to prevent confusion in the minds of customers regarding the identification and geographical location of the two parties’ goods.

…

2. Daniele has adopted the fictitious name Daniele, Inc. In connection with the sale of prosciutto and ham, Daniele may use, including in its logo,[1] "Daniele, Inc." or other corporate name or fictitious name that does not include the word "International," the word "Prosciutto," or any other term that is likely to cause confusion with San Daniele.

…

5. Daniele shall cease its use of the DANIELE word and logo trademarks in connection with the sale of prosciutto and ham and shall use a different trademark, bearing no resemblance to "San Daniele," for the sale of prosciutto and ham.

…

10. The parties shall endeavor to avoid confusion between their trademarks and trade names.

Ex. 1 (emphasis added).

After the settlement agreement, Defendant did not replace its "Daniele" trademark with "a different trademark" for the sale of prosciutto. Instead, it purported to use separate trademarks for its individual prosciutto products. See **Ex. 2**, showing copies of Defendant's new labels for prosciutto.

These purported trademarks are:

- Gran Premio
- President's Reserve 400
- President's
- Deli-Cut-O

Plaintiff believes that these designations are descriptive of the products rather than indications of the source of the products. For this reason, they are not valid trademarks. This is one of the claims on which the Complaint is based. For purposes of this motion, however, they are assumed to be valid trademarks.

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[1] The "logo" referred to is Defendant's traditional logo, consisting of castles or chess pieces surrounded by concentric circles and backed by a ribbon. See Ex. 2.

On all of Defendant's labels bearing these designations, the trade name "Daniele, Inc." appears at the top of the label, followed by the descriptive designation "Gran Premio," "President's Reserve 400," "President's," or "Deli-Cut-O." **Ex. 2**.

The only name now used by Defendant in connection with its line of prosciutto as a whole is its trade name, Daniele, Inc. **Ex. 2**.

ARGUMENT

This is the case of the missing trademark. Defendant had a trademark – Daniele – for its line of prosciutto. In the settlement agreement, it agreed to stop using that trademark and to use "a different trademark" for this purpose. Contrary to its promise, Defendant has adopted no trademark at all for its line of prosciutto. Defendant is in violation of the clear and unambiguous language of paragraph 5 of the agreement.

I. The Standards For Summary Judgment

This Court is familiar with the standards governing determination of motions for summary judgment. Summary judgment is appropriate if the record shows that "there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). See, e.g., Nat'l Amusements, Inc. v. Town of Dedham, 43 F.3d 731, 735 (1st Cir. 1995) (citing Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L.Ed. 2d 202 (1986)); Barnes v. Fleet Nat'l Bank, N.A., 370 F.3d 164, 170 (1st Cir. 2004).

A federal court sitting in diversity applies the substantive law of the forum state. Erie Railroad Co. v. Tomkins, 304 U.S. 64 (1938). Defendant executed the contract in Rhode Island and is to perform the contract in Rhode Island, so the law of Rhode Island should govern this dispute. DeCesare v. Lincoln Benefit Life Co., 852 A.2d 474, 483-84 (R.I. 2004); Matarese v. Calise, 305 A.2d 112, 118 n.4 (R.I. 1973).

The determination of the meaning of contracts is, in the first instance, a question of law for the court. Fashion House, Inc. v. K Mart Corp., 892 F.2d 1076, 1083 (1st Cir. 1989). "[A] contract is ambiguous only when it is reasonably and clearly susceptible of more than one interpretation." Rubery v. Downing Corp., 760 A.2d 945, 947 (R.I. 2000) (affirming summary judgment). "In determining whether a contract is clear and unambiguous, the document must be viewed in its entirety and its language given its plain, ordinary and usual meaning." Id. If the Court finds that the terms of an agreement are unambiguous, then the agreement must be applied as written. Capital Properties, Inc. v. State, 749 A.2d 1069, 1081 (R.I. 1999) (affirming summary judgment).

In interpreting unambiguous contracts, the courts "consider the situation of the parties and the accompanying circumstances at the time the contract was entered into, not for the purpose of modifying or enlarging or curtailing its terms, but to aid in the interpretive process and to assist in determining its meaning." W.P. Associates v. Forcier, Inc., 637 A.2d 353 (R.I. 1994) (citing Hill v. M.S. Alper & Son, Inc., 106 R.I. 38, 47, 256 A.2d 10, 15 (1969)).

"[L]ack of ambiguity is a relative status, not an absolute one. The parties need not choose phraseology which invariably excludes every possible interpretation other than the one which they intend." Fashion House, Inc., 892 F.2d at 1085 (citing Triple-A Baseball Club, 832 F.2d at 220).

In the interpretation of contracts, no word should be considered surplusage if it may serve a reasonable purpose. Fashion House, Inc., 892 F.2d at 1084 (citing Spartans Indus., Inc., v. John Pilling Shoe Co., 385 F.2d 495, 499 (1st Cir. 1967)).

II. Defendant Is Not Using A Trademark Other Than DANIELE For The Sale Of Its Prosciutto As Required By The Settlement Agreement

In paragraph 5 of the settlement agreement, Defendant promised to cease its use of the "Daniele" trademark for prosciutto and to use a different mark for the sale of prosciutto. Defendant has not complied with the clear language of this provision.

A. Paragraph 5 Unambiguously Requires Defendant To Use A Single Trademark For Its Line of Prosciutto

Paragraph 5 is clear and unambiguous. Where Defendant previously used its "Daniele" trademark for its prosciutto, it was required to use a different trademark for the sale of prosciutto.

Defendant did not replace its DANIELE mark with any trademark for its line of prosciutto. It is in violation of the plain language of the settlement agreement.

Defendant alleges, "Defendant now has in fact a minimum of five (5) trademarks which it is allowed to have pursuant to the settlement agreement and which the agreement does not prohibit." Answer ¶ 31. The suggestion is that, as long as it uses no trademark resembling San Daniele, it is in compliance with the settlement agreement.

If Defendant were correct, paragraph 5 would have been phrased simply as a prohibition against the use of similar marks. But it is not so phrased. It imposes more than a simple prohibition on the use of similar marks.

Under the affirmative obligation of paragraph 5, Defendant is not merely prohibited from using similar marks. It "shall cease" its use of the Daniele trademark and "shall use a different trademark… for the sale of prosciutto and ham." This has only one reasonable meaning: Defendant must use "a" trademark, different from "Daniele" and not resembling

"San Daniele," for the sale of its prosciutto and ham as a whole. The language of paragraph 5 is the natural, straightforward way to say this. To read paragraph 5 as a mere prohibition would disregard the plain language of the agreement and would improperly treat the affirmative obligation as surplusage.

In its Pre-Trial Statement dated May 3, 2007, Defendant stated its position as to the meaning of paragraph 5 as follows: "In conclusion, based on the explicit terms of the agreement, Daniele is not required to have one different trademark." Defendant's Pre-Trial Statement at 2. That is a fundamental misinterpretation of paragraph 5.

Defendant apparently contends that "a" trademark means any number of trademarks. This is not so. "A" is singular and means one. Webster's defines "a" in relevant part as "used as a function word before singular nouns when the referent is unspecified (a man overboard);" or "used as a function word before a singular noun followed by a restrictive modifier." Merriam-Webster OnLine, as of June 5, 2007. The Rhode Island Supreme Court frequently relies upon dictionary definitions of terms used in contracts and statutes. E.g., O'Sullivan v. R.I. Hospital, 874 A.2d 179 (R.I. 2005). In the settlement agreement, "a" modifies the singular noun "trademark" and refers to a single, unspecified trademark.

The courts, in a line of cases, have held that the word "a" in statutes unambiguously means "one." State of Washington v. Shelly Marie Ose, 124 P.3d 635, 638 (Wash. 2005); State of Iowa v. Kidd, 562 N.W.2d 764, 765 (Iowa 1997). *See also* Copier Word Processing Supply, Inc. v. Wesbanco Bank, Inc., 640 S.E.2d 102, 110 (W.Va. 2006) (emphasis in original) in which a statute of limitations concerning "an action…for conversion of *an instrument*…" was found to have no ambiguity and meant one instrument, such that each act of conversion was to be treated as a separate violation.

The context of paragraph 5 makes clear that "a" trademark means one trademark. It provides that Daniele will cease use of the (one) trademark "Daniele" and will use "a" (one) different trademark in its place. "Daniele" was Defendant's mark for its prosciutto and was to be replaced by a different mark for its prosciutto.

Another indication that the agreement contemplated one trademark for Defendant's prosciutto is paragraph 6:

> On all labels for prosciutto on which appear Daniele, Inc. or other corporate or fictitious name and Daniele's trademark for prosciutto, Daniele, Inc. or such other name shall be in letters no larger than one-fourth the size of the letters of said trademark.

Ex. 1 (emphasis added).

When the agreement referred to Defendant's trademark for the sale of prosciutto, it used the singular. It used the singular because it contemplated a replacement of "Daniele" as Defendant's trademark for its line of prosciutto with a different trademark for the same purpose. It contemplated a single, valid trademark for Defendant's line of prosciutto so as to prevent confusion between Defendant's trade name, "Daniele, Inc.," and San Daniele prosciutto.

Defendant does not even contend that it is using a single trademark for the sale of prosciutto. See, for example, Defendant's Answer to the Complaint, ¶ 30: "Defendant has adopted several new 'different' trademarks." Accordingly, Plaintiff is entitled to judgment as a matter of law that Defendant is in breach of paragraph 5 of the agreement.

B. The Plain Meaning Of Paragraph 5 Is Consistent With And Necessary To The Purpose of The Settlement Agreement

The plain meaning of paragraph 5 is consistent with the purpose of the settlement agreement. Indeed, it is necessary to its basic purpose.

Under the agreement, Defendant is permitted to use "Daniele, Inc." as its trade name. It is also allowed to continue to use "Daniele" as its house mark for its other (non-prosciutto) products. In exchange, it is required to use a trademark different from "Daniele" for the sale of prosciutto. And it must try to avoid confusion between its trademark and trade name on the one hand and the name and certification mark of San Daniele on the other. *Supra* at 2-3.

If Defendant has no trademark for its line of prosciutto, then it has no trademark to distinguish its line of prosciutto from San Daniele prosciutto. And the only name common to its prosciutto products generally is "Daniele, Inc." Its prosciutto, referred to as a whole, has no name other than "Daniele, Inc." or simply "Daniele." So this is what it will be called. And this means it will be confused with San Daniele. The purpose of the settlement agreement – to avoid confusion between Defendant's prosciutto and San Daniele prosciutto – will be frustrated.

This is confirmed by Defendant's own actions. It has used "Daniele" and "Daniele, Inc." where it should be using a new and different trademark for its prosciutto (if it had one).

After signing the agreement, Defendant changed its Web page for prosciutto by adding pictures at the bottom of the page showing two products bearing the name "President's." But at the top of the page, it retained the name "Daniele" in its title and in its logo. And the text immediately following began: "Each Daniele prosciutto…" See Defendant's Web site, Oct. 11, 2005 (Internet Archive) (**Ex. 7**).

On November 23, 2005, Plaintiff notified Defendant that its modified Web page was in violation of the settlement agreement. Thereupon, Defendant changed the title and logo to read "Daniele, Inc." It changed the text immediately following to read, "Each prosciutto…" As a result, the top of the page now read, "Daniele, Inc. – Daniele, Inc. – Daniele, Inc. – Each prosciutto…" See Defendant's Web site, Nov. 30, 2005 (Internet Archive) (**Ex. 8)**. The only purported trademark on the page was the name "President's," which appeared at the bottom of the page, in the pictures of two products. Id. Defendant does not claim that "President's" represents its line of prosciutto generally.

Defendant engaged in similar machinations in the recipes promoted on its Web site. Before and after the settlement agreement, Defendant called for the use of its "Daniele Prosciutto" in two recipes, "Daniele Prosciutto Panino Bruschetta" and "Chef Salad." See Defendant's Web site, Apr. 8, 2005 (Internet Archive) (**Ex. 9**). More than a year after the agreement was signed, it changed these references. It now called for the use of "Daniele, Inc. Prosciutto." See, Defendant's Web site, January 29, 2007 (**Ex. 10**). This was a blatant use of "Daniele, Inc." as its trademark for prosciutto.

After Plaintiff complained about this, Defendant changed the recipes again. This time, it used no trademark at all and simply called for "Prosciutto." Defendant's Web site, March 8, 2007 (**Ex. 11**). For example, in its recipe for "Chef Salad," it now used its trade name for two of the ingredients and did not call for its own prosciutto at all:

Chef Salad

3 oz. Daniele, Inc. Genoa Salame, cut into cubes
3 oz. Prosciutto, cut into Julienne strips
3 oz. Daniele, Inc. Sopressata, cut into cubes.

(**Ex. 11**).

The failure to call for its own prosciutto stood in contrast to its other recipes, and to other ingredients in the same recipes. It appeared to be against Defendant's own interest, since the purpose of such recipes is to promote one's own branded products. The explanation lies in

Defendant's effort to avoid having a trademark for prosciutto, so that "Daniele, Inc." would be its *de facto* trademark. [2]

In the meantime, third parties have continued to call Defendant's prosciutto "Daniele prosciutto." See **Ex. 12** (July 24, 2006 web page of Antelope Valley Winery). Again, this is not surprising. There is no other name for it.

As these facts demonstrate, under Defendant's interpretation of the settlement agreement, "Daniele, Inc." becomes its *de facto* trademark for prosciutto. This is contrary to the fundamental purpose of the agreement, which is to avoid confusion between Defendant's prosciutto and San Daniele prosciutto. This paramount purpose is stated in the preamble to the agreement. It is reflected throughout the agreement, including paragraphs 5 and 10. And it is not disputed by Defendant. *Supra* at 3-4; Counterclaim ¶ 8.

The obligation imposed by paragraph 5 of the settlement agreement is clear and unambiguous. Defendant promised to use "a different trademark…for the sale of prosciutto and ham." Its failure to do so is a material breach of the settlement agreement.

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[2] Defendant's Web site now generally refers to "President's Prosciutto." This action by Plaintiff – after the Complaint was filed in this case and two years after the settlement agreement – does not change the implications of its previous actions. It has shown that it has no single trademark for the sale of prosciutto and that the only name by which its line of prosciutto can be called is "Daniele, Inc." or "Daniele."

III. Conclusion

Defendant has not adopted a trademark in compliance with the settlement agreement. Plaintiff requests an order by the Court granting partial summary judgment that Defendant is in breach of paragraph 5 of the settlement agreement and dismissing Defendant's claim that it is not in breach of paragraph 5 of the agreement. Plaintiff also requests an order by the Court that Defendant use a single, valid trademark for its line of prosciutto as required by the settlement agreement.

Respectfully submitted,

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Dated: June 11, 2007

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CERTIFICATION

I hereby certify that on June 11, 2007, a copy of the foregoing Plaintiff's Memorandum In Support Of Its Motion For Partial Summary Judgment was filed electronically. Notice of this filing will be sent by e-mail to all parties by operation of the Court's electronic filing system, or by e-mail or to anyone unable to accept electronic filing as indicated on the Notice of Electronic Filing. Parties may access this filing through the Court's CM/ECF System.

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